

Message Text

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PAGE 01 KHARTO 00406 181243Z

44

ACTION EB-07

INFO OCT-01 AF-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

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FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 9418

INFO AMEMBASSY ADDIS ABABA BY POUCH

UNCLAS KHARTOUM 406

E.O. 11652: NA

TAGS: ETRD BCOM SU

SUBJ: SUDANESE GUM ARABIC PRICES DECREASED

REF: KHARTOUM A-128 (DEC 28, 1974 KHARTOUM 2711

1. AS PREDICTED IN REFAIR, GUM ARABIC CORP (GAC)
FEB 12 DECREASED GUM PRICES TO DOLS 1500 FOR CAS
GUM, DOLS 1600 FORHWSMDS DOLS 1475 FOR NATURAL,
DOLS 2450 FOR SPRAY DRIED AND DOLS 500 FOR TALHA.
ALL PRICES PER METRIC TON F

O/C.2. DISCOUNTS

RYDPOCLTED BY REFTTEL ARE NOW REDUCED AS FOLLOWS:

FOR PURCHASES FROM 20-50 MWN \$5 PER METRIC TON;

51-100, \$10; 101-200, \$15; OVER 200 MT, GOTIABLE.

ACCORDING TO GAC RELEASE, STIPULATION WILL BE
INPLUDED IN NEW CONTRACTS GUARANTEEING THAT ANY
FURTHER PRICE REDUCTIONS WILL BE APPLIED TO REMAINING
SHIPMENTS CALLED FOR BY CONTRACTS.

2. IN RELATED DEVELOPMENT, NEW MINISTER OF FINANCE
NATIONAL ECONOMY, MAMOUN BEHEIRI, FEB 4 ANNOUNCED
REDUCTION AVERAGING 33 PERCENT IN LOCAL FLOOR PRICES OF GUM,
CITING SLACK DEMAND DUE RECESSION IN MAJOR GUM PRO-
DUCING COUNTRIES AND NEED TO DISCOURAGE DEVELOPMENT
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PAGE 02 KHARTO 00406 181243Z

AND USE OF GUM SUBSTITUTES. AVERAGE MINIMUM PRODUCER
PRICE FOR GUM DLJPARED TO MIDDLEMEN NOW STANDS AT
LS. 272.3 PER MT INSTEAD OF LS. 401.9 FIXED AT
BEGINNING OF SEASON (KHARTOUM A-92 DTD OCT 11, 1974).
NEW PRICEQ, WHICH IS STILL 24 PERCENT HIGHER THAN THAT OF
1973/74 SEASON, IS DESIGNED TO ENABLE &C MAINTAIN
REASONABLE PROFIT MARGIN IN SPITE OF ABOUT 60 PERCENT DROP
IN WORLD PR

ESK WITH CURRENT AVERAGE EXPORT PRICE
OF DOLS 1550 AND LOWERED BUYING PRICE OF DOLS 843.25
PAYABLE TO MIDDLEMEN AT POLO SUDAN, GAC MAINTAINS
TRADING MARGPH OF DOLS 56.75 COMPARED TO AVERAGE OF
DOLS 2286.75 LAST SEASON.

3. COMMENT: DUE FAVORABLE WEATHER, VERY ATTRACTIVE
1974 PRODUCERPRICES, AND SUCCESS OF ANTI-SNGGLING
MEASURES (NO DOUBT AIDED BY DISLOCATIONS OF ETHIOPIAN/
ERITREAN CONFLICT), LARGE QUANTITIES OF GUM ARE
REPORTEDLY ARRIVING IN LOCAL MARKETS AND
EARLIER PRODUCTION ESTIMATE OF 35,000 MT MAY HAVE
BEEN AS MUCH AS 10,000 MT LOWER. THIS FACT, PLUS
UNL
WDING OF INVENTORIES BY EUROPEAN BROKERS WHO
BOUGHT FROM SUDAN INHAQOKN, HAS CHANGED SUPPLY
SITUATION SUFFICIENTLY TO BLIGE GAC AND GOS TO
EFFECT DRASTIC CUTS IN BOTH BUYING AND SELLING PRICES
FOR GUM. M
CURES DEMONSTRATE, NOT ONLY GOS/GAC
TRPESSIMISM RE CURRENT PRICE TRENDS, BUT ALSO
SHORTSIGHTEDNESS OF THEIR 1974 MARKETING POLICY, WHEN
IT
ESORTED TO TENDERING SYSTEM AND DISREGARDEDHVATERESTS
OF TRAZJTIONAL CUSTOMERS. UPS AND DOW BYI WOGGO
CHRICGBN TO WHICH GAC/GOS POLIO HAS CONTRIBUTED, NOW
UNFORTUNATELY OCCUURRING LOCALLY AS WELL, WITH POSSIBLE
ADVERSE IMPLICATIONS FOR LONG-TERM PRODUCTION EFFDT.
BREWE

NOTE BY OC/T: TEXT AS RECEIVED.
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NNN

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